



September 5, 2014

Market Regulation Branch
Ontario Securities Commission
20 Queen Street West, 22nd Floor
Toronto, ON M5H 3S8

Via email to: marketregulation@osc.gov.on.ca

Copy via email to Cindy Petlock, Aequitas Innovations Inc.: cindy.petlock@aequin.com

Re OSC Notice and request for comments regarding the application for recognition of Aequitas Innovations Inc. and Aequitas Neo Exchange Inc. as an exchange

TO WHOM IT MAY CONCERN,

I am writing on behalf of the Public Sector Pension Investment Board (“PSP Investments”), which is one of Canada’s largest pension investment managers, with \$93.7 billion of assets under management as at March 31, 2014. We invest funds for the pension plans of the Public Service, the Canadian Forces, the Royal Canadian Mounted Police and the Reserve Force.

PSP Investments is a founding shareholder of Aequitas Innovations Inc. (“Aequitas”). We are supportive of the Aequitas exchange application, and have been supporting the Aequitas initiative since inception, because we believe that the Canadian equity markets are in need of meaningful exchange competition that will focus on improving market fairness, reliable liquidity, investor confidence and successful public listings.

Critical to us, as a large institutional investor in public securities, are liquidity and investment opportunities. Aequitas is the only Canadian exchange, and Canadian marketplace for the matter,

with a business plan to improve liquidity and investment opportunities in Canadian public securities:

- Leveraging technology and market structure solutions to address predatory high frequency trading strategies and to re-engage real market makers with obligations;
- Proposing a listings strategy that will enable the emergence of more strong public companies, as well as the development of a larger selection of investment products;
- Proposing new solutions, in the private markets space, to help small companies.

The Aequitas ownership structure, in which buy-side and listed companies are not only represented but hold a majority, is a critical component to Aequitas' value proposition as it will ensure at all times that the interests of issuers and investors are properly considered.

While maintaining the right ownership balance, we do believe it to be important to further broaden the ownership structure so that all types of investors, issuers and dealers are represented and have a voice within Aequitas. However, we believe that the proposed definition of "Significant Shareholder" in the Recognition Order puts a significant burden on smaller market participants and potentially refrains them from becoming shareholder of Aequitas,. We would favor a revised definition that would distinguish between shareholders with board representation from those without board representation.

With respect to the various other questions raised in the OSC notice, please find additional considerations below:

Market making

We are supportive of the market making program and specific features, as presented in the Aequitas application. It is the result of numerous user committee meetings with user representation from both buy-side and dealer shareholders. While no one can guarantee that it is the ultimate solution, we all felt that it was a good solution appropriately balancing benefits and obligations, knowing that we would monitor it and put in place improvements were it needed.

Listings

We agree with staff's views expressed in the notice and strongly recommend to allow for differentiation amongst listings service providers.

Order Protection Rule (OPR)

We believe that not applying the current OPR rule to Aequitas would go against due regulatory process and lead to unfair treatment.

With respect to the Neo book, we agree with OSC staff's view that the different treatment of the LST orders in the Neo Book does not unreasonably prohibit condition or limit access to the Neo Book. Therefore we believe that the Neo book should be subject to price protection like any other displayed book.

We would like to thank you for requesting comments on this Application Request. Please do not hesitate to contact the undersigned if you wish to discuss any aspect of this letter in further details.

Sincere regards,

**Daniel Garant**

Premier Vice-président, Placements - Marchés publics
Senior Vice-President, Public Market Investments

Office d'investissement des régimes de pensions du secteur public**Public Sector Pension Investment Board**

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